GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1876
ANSWERED ON:26.07.2002
SUSPICIOUS BANK TRANSACTIONS
KINJARAPU YERRANNAIDU

Will the Minister of FINANCE be pleased to state:

(a) the charges Reserve Bank of India proposed to the commercial banks to check all suspicious transactions; and

(b) the action taken by banks to implement them ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANT G. GEETE)

(a) & (b) In order to tighten the monitoring system relating to operations in deposit and other accounts Reserve Bank of India (RBI) had instructed banks in May 1995 to introduce a system of close monitoring, by the branches, of cash deposits and withdrawals for Rs 10 Lakh and above. The instructions have again been reiterated in May, 2002. Banks are required to maintain a separate register to record details of individual cash deposits/withdrawal for Rs. 10 lakh and above and report to their regional/controlling offices. Banks are also required to report cases of doubtful nature to RBI where there is sudden spurt in cash withdrawal oflarge amounts keeping in view the past conduct of the account. Banks are advised to strictly adhere to the extant instructions regarding opening and monitoring of accounts.